



# NASA Procedural Requirements

**COMPLIANCE IS MANDATORY**

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## Journal Voucher Preparation and Approval and Intragovernmental Transactions

**Responsible Office: Office of the Chief Financial Officer**

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# Preface

## P.1 Purpose

This NASA Procedural Requirements (NPR) provides the financial management requirements for journal voucher preparation and approval and intragovernmental transactions.

## P.2 Applicability

This NPR is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Service Support Centers. This language applies to the Jet Propulsion Laboratory (JPL), a Federally Funded Research and Development Center, other contractors, grant recipients, or parties to agreements only to the extent specified or referenced in the appropriate contracts, grants, or agreements.

## P.3 Authority

- a. OMB Circular No. A-136, Financial Reporting Requirements.
- b. OMB Bulletin, B-07-04, Audit Requirements for Federal Financial Statements.
- c. OMB Memorandum, M-07-03, Business Rules for Intragovernmental Transactions.
- d. Statement of Federal Financial Accounting Standards (SFFAS) No. 1, Accounting for Selected Assets and Liabilities.
- e. Treasury Financial Manual (TFM), Volume I: Pt 2, Ch. 4700, Agency Reporting Requirements for the Financial Report of the United States Government.
- f. Department of Treasury - Financial Management Service, Federal Intragovernmental Transactions Accounting Policy Guide.
- g. NASA Policy Directive (NPD) 9010.2, Financial Management.

## P.4 Applicable Documents and Forms

- a. NPR 9010.2, Financial Management Operating Procedures and the Continuous Monitoring Program.

## P.5 Measurement/Verification

Quality assurance reviews conducted periodically at the Agency and Center level shall be used to measure compliance with this NPR.

## P.6 Cancellation

None.

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# Chapter 1. Journal Voucher Preparation and Approval

## 1.1 Introduction

1.1.1 Proper preparation of and adequate support for journal vouchers (JV) are important to ensure that JVs accurately record financial events and that detailed audit trail documentation exists. These actions are the joint responsibility of the Agency Office of the Chief Financial Officer (OCFO), and Centers' OCFO personnel. The accurate and timely preparation of financial statements and other financial reports is often dependent upon accurate, timely, and fully supported JVs. NASA's Agency OCFO and each of the Centers shall fully comply with each of the following requirements:

- a. Internal controls.
- b. Use of JVs.
- c. Supporting documentation.
- d. Approval thresholds.
- e. Management oversight and review.

1.1.2 Applicability. The requirements in this chapter are applicable to all NASA organizational elements that prepare and approve JVs.

1.1.3 Scope.

1.1.3.1 For the purposes of this NPR, a transaction is considered to be a JV when:

- a. The general ledger accounts to be debited and credited are selected and entered by the user, i.e., embedded system logic is not used to determine the general ledger accounts to be posted.
- b. A transaction is corrected with a regular SAP document where the general ledger accounts to be debited or credited are selected and entered by the user.
- c. Transactions meeting the criteria in 1.1.3.1.a and/or 1.1.3.1.b above are reversed or when a reversing document is a correction.

1.1.3.2 Automated distributions of summary amounts, such as the distribution of payroll charges provided by the Department of Interior based on the automated labor distribution information, are not within the scope of this chapter.

## 1.2 Agency Requirements

1.2.1 Operational Controls. Operational internal controls shall be in place to ensure the proper recording of JVs. JVs may be prepared at the NASA Center level or at the Agency level. The Center Chief Financial Officer (CFO) and the Director of the NASA Shared Services Center (NSSC) are responsible for developing Center-level operating procedures that ensure full compliance with the requirements of this chapter.

1.2.1.1 General Requirements. All JVs shall be:

- a. Sequentially numbered in the Center's JV log and systematically numbered by the core financial system when posted by the reporting unit.
- b. Classified as a correction entry or a source entry based on user identification (ID) as listed in Section 1.4.1 below. Each SAP user has a duplicate user ID that starts with ER. These are to be used when recording transactions to identify those JVs and transactions that are correcting errors (including when a reversal corrects an error). Normal user IDs should be used on source JVs. Additional types of JVs may be added by the Agency OCFO in order to ensure greater management control and oversight of the JV process.
- c. Adequately documented to support the validity and amount of the JV transaction as described in Section 1.5 of this chapter.
- d. Reviewed and approved before posting at the appropriate level of management by the Agency or Center CFO or designee, as specified in Section 1.6, to ensure proper recording of entries at the posting account, appropriation, and fund levels.
- e. Annotated with the name, title, date, office symbol, and signature of both the preparer and the approver. In an electronic environment, the name, title, and office symbol may be represented by a user ID. A separate table shall be maintained to correlate user ID to identifying information.
- f. Maintained in sequential order in a central location in either hard copy, electronic form, or both. The Center OCFO and the Agency OCFO must each maintain a summary log of all JVs that identifies the JV numbers and dollar amounts. The log must also reference the SAP document number that was recorded for the JV, the SAP document that was corrected (where applicable), and the source document information supporting the entry.

1.2.1.2 Segregation of Duties. In order to maintain the proper segregation of duties, the functions of preparation and approval of JVs must be performed by different individuals. Once the JV is prepared, the preparer submits the JV, together with the supporting documentation, to the approving official for approval. When the approver has approved and initialed the JV, the preparer enters the JV into the core financial system. The preparer must then give the approving official a copy of the system printout showing how the JV was posted. Centers must have adequate internal controls in place to ensure that JVs are posted exactly as they were approved.

## **1.3 Roles and Responsibilities**

### **1.3.1 Agency Associate Deputy CFO (DCFO) shall:**

- a. Review and approve all JVs over \$100 million that are either generated at the Center or at the Agency level after applicable concurrences by the Center and/or Agency officials, as established in Table 1-1, Approval Thresholds for Center Generated JVs, and Table 1-2, Approval Thresholds for Agency Generated and Posted JVs.
- b. Review and, if appropriate, discuss with the Agency DCFO, and approve all prior period adjustment JVs.

### **1.3.2 Agency OCFO, Director for Financial Management Division (FMD), or in the absence of the Director for FMD, the Deputy Director for FMD shall:**

- a. Review and approve all JVs over \$10 million and up to \$100 million that are generated at the Agency level after applicable concurrences, as established in Table 1-2, Approval Thresholds for Agency Generated and Posted JVs.

b. Review and approve all JVs over \$50 million and up to \$100 million that are prepared at the Center level, after the applicable concurrences, as established in Table 1-1, Approval Thresholds for Center Generated JVs.

### 1.3.3 Agency OCFO, FMD Branch Chiefs shall:

- a. Review and approve all JVs up to \$10 million that relates to their branch only and are prepared and posted at the Agency level.
- b. As needed, request Agency-level JVs and supporting documentation from the Center CFOs.
- c. Review the Agency-level JVs and supporting documentation submitted by the Center CFOs that relates to their branch for completeness and accuracy.

### 1.3.4 Center CFO or Deputy CFO when acting in the Center CFO's absence shall:

- a. Together with the Center Branch Chief responsible for reporting, review and concur on any Center JV exceeding \$100 million and submit it to the Agency OCFO for approval by the Agency Associate Deputy CFO.
- b. Together with the Center Branch Chief responsible for reporting, review and concur on any JV exceeding \$50 million and up to \$100 million and submit it to the Agency OCFO for approval by the Agency OCFO, Director for FMD, or Deputy Director for FMD.
- c. Review and approve all Center JVs exceeding \$10 million and up to \$50 million that have been concurred on by the Center Branch Chief responsible for reporting, in accordance with Table 1-1, Approval Thresholds for Center Generated JVs.
- d. Together with the Center Branch Chief responsible for reporting, review and concur on all Prior Period Adjustment JVs in any amounts and submit them to the Agency OCFO for Agency Associate DCFO's approval.
- e. Prepare Agency-level JVs and supporting documentation as requested by the Agency OCFO, FMD Branch Chief.

### 1.3.5 Center Branch Chief responsible for reporting shall:

- a. Review and approve all Center JVs equal to or less than \$10 million.

## 1.4 Use of Journal Vouchers

### 1.4.1 JV Groupings.

1.4.1.1 NASA has two primary types of JVs: (1) correcting entries (JVs and transaction corrections) and (2) source entries.

1.4.1.2 Correcting Entries. (PZ and ER documents and all other transactional documents that are recorded to correct other documents.)

- a. Correcting entry JVs adjusts for errors detected subsequent to posting, including errors identified during the financial statement reporting and review process. This type of accounting entry includes specific amounts, accounts, and/or transactions related to the required correction. In some cases, correcting entries are required to adjust for errors on previously prepared JVs. In those instances, correcting entries should both reverse the incorrect entries and record the correct amount. In some cases, both entries can be made with one JV properly documented by a single set of supporting documentation. Regardless of whether a single or multiple JVs are prepared, the correcting JV shall

include a copy of the original JV, documentation supporting the correct amount, and a narrative explanation detailing the reason why the original entry is incorrect and why the correcting entry is necessary.

b. All error corrections (regardless of the document type used) shall be recorded in SAP, using ER user IDs, so they can be identified by the Agency OCFO on a NASA-wide basis. This applies when transactional corrections or other document types are used for error correction. Where feasible, error correction JV transactions will be linked to the original transactions that were corrected.

c. In cases where corrections are processed through interfaces and an ER user ID cannot be used, the Center shall still employ the approval process and will log the transactions in a manner that will allow them to be identified and sent to the Agency OCFO on a monthly basis.

#### 1.4.1.3 Source Entries. (ER, SA, BL, BX, and other documents entered manually.)

a. Source entry JVs record those accounting entries that, due to system limitations or timing differences, have not been otherwise recorded. By nature, source-entry JVs are usually summarized at the entity level by general ledger account. The source-entry accounting transaction shall be supported by documentation for the summarized amounts and shall identify the location of the transaction-level supporting detail.

b. The supporting documents discussed in paragraph 1.4.1.3 a. shall be recorded in SAP using normal user IDs.

c. Source entry JVs generally are used for month-end closing and year-end processing and closing purposes. Source-entry JVs also may include postings of information provided through data calls, such as those discussed in paragraph 1.5.2.4; if so, such JVs must be supported by documentation for the summarized amounts and must identify the location of the transaction-level supporting detail.

1.4.1.4 Presentation. Both correcting and source entry JVs normally will be summarized (net) amounts for which documentation is required. In these situations, the summarized accounting entry represents the amount to record the sum of the detailed transactions. In all such cases, the summarized accounting entry shall include documentation of the effect of the detailed transactions and identify the location of the transaction-level supporting detail.

1.4.1.5 JV Reversal Transactions. When JVs are reversed, the transactions must be prepared, approved, recorded, and documented in accordance with all of the requirements applicable to the original JV except when the JVs are reversed automatically as part of the routine (monthly or quarterly) JV reversal process. In those instances, documentation and approval for the original JVs shall be considered as the documentation and approval for the reversing entry.

1.4.1.6 Sub-groupings. Both correcting and source entry JVs are further subdivided into audit-recommended JVs and customer-requested JVs.

#### a. Audit-Recommended JVs.

(1) If, as a result of their audit, auditors recommend a JV adjustment be made, the auditors shall be asked to provide copies of the appropriate work papers or relevant information from the work papers to support the recommended JV adjustment.

(2) The JV approving official shall perform an analysis of the recommendation using the auditors' work papers and other relevant information to determine if the recommended adjustments should be made.

(3) If the JV approving official identified in Section 1.6 determines that the auditors' recommended adjustments are required, a correcting JV shall be prepared. If the JV approving official determines



that the audit recommended adjustments are not required, no adjustment will be made. All auditors recommended adjustments must be approved by the Center CFO or DCFO and the Director for FMD Agency OCFO.

b. Any determination regarding JV preparation discussed in 1.4.1.6 a. shall:

(1) Document why the adjustment is or is not required.

(2) Indicate how the JV approving official determined the audit recommendation should or should not be followed.

(3) Identify the audit recommendation serving as the basis for the actions taken.

(4) Include documentation of the decision to prepare or not prepare a JV, along with other pertinent information as the documentation for that voucher.

c. Customer-Requested JVs. When NASA personnel prepare proposed JVs to enter adjustments or corrections, the approving officials at NASA Centers or Headquarters must determine that they comply with this JV preparation guidance. Evidence to support the adjustment must include, at a minimum, supporting documentation which has been reviewed and approved by the JV approving official and any related analysis performed by the JV approving official to ensure the adjustment is fully supported and in accordance with this JV preparation and approval guidance.

## **1.5 Supporting Documentation**

1.5.1 Documentation. Proper documentation, in either hard copy, electronic form, or both is necessary to support all JV entries. This documentation must be sufficient for the approving official and auditors to clearly understand the reason for preparing the JV and to be able to determine that it is proper and accurate. A request for a JV entry not supported by accurate or proper documentation shall be denied with a request for additional information required to process the JV, along with any applicable authoritative guidance to support the need for the JV. The supporting documentation, whenever practical, should be attached to a copy of the JV. In some cases, however, due to the large number of detailed transactions summarized in the voucher, it may not be practical to attach all of the documentation. In those cases, specific and detailed information summarizing the content and identifying the location of the supporting documentation shall be attached to the voucher.

1.5.2 Types of JV and Supporting Documentation. The specific types of JV and the explanations of what is considered sufficient documentation are listed below. Note: Regardless of what method of documentation is used for any category of JV, i.e., whether it is a detailed listing, a narrative explanation, or a calculation supporting the amount, the dollar amount(s) on the JV shall be clearly and readily identifiable in the supporting documentation.

1.5.2.1 Identified Errors and Reasonableness Checks/Timing Differences due to Monthly/Annual Closing.

a. When the JV approving official has identified errors through analysis, reasonableness checks, quality control procedures, subsequent activity occurring after a period closes, or other means, a correcting JV shall be prepared.

b. In the event an auditor identified an apparent error or omission and provided the documentation for the JV, the JV approving official shall be a management official at the appropriate authorizing level as specified in Section 1.4.1.6.1.c. Evidence to support either an "authorized official" or "auditor identified" correcting JV shall include a detailed listing of identified errors, a narrative explaining why the original entry is incorrect, why the correcting entry is necessary, a related



analysis documenting the calculation of the correct amount, and the sources of the data used in the analysis.

1.5.2.2 Reconciliation of Trial Balance and Budget Execution Reports. When the JV approving official has determined during a reconciliation of data between two or more sources that a discrepancy exists, a correcting JV may be necessary. JV entries included in this category often are made to reconcile trial balances or other source data reported by NASA Headquarters or Centers to NASA's budget execution reports.

1.5.2.3 Evidence to support the type of JV discussed in 1.5.2.2 includes reference to specific documents, other source data (e.g. sales orders, contracts), and a complete analysis that supports the correct amount. If a JV is necessary, the voucher shall document why the discrepancy exists in the data. It shall also contain evidence to support the proposed correction and a description of the methodology used to validate the entries on the JV.

1.5.2.4 Reversing Entries for Prior Reporting Period. When monthly or yearly accruals or correcting entries have been made for reporting purposes, they may need to be reversed in the following reporting period. The JV reversing entries shall include documentation regarding the original accrual or correcting entry and an explicit statement that the JV is a reversing entry.

1.5.2.5 Data Call Entry. Frequently, during the financial statement preparation process, source-entry information is provided by data calls where data are not recorded on a detailed transaction basis. For example, transactions at the detail levels from sources external to the OCFO may not be available in the core financial systems or information required from external Government agencies to prepare the financial statements may be available only in summarized forms. If this occurs, JVs shall be prepared to record the summarized data call amounts, so these amounts can be recorded in the general ledger trial balance. The data call entry must be supported by documentation for the summarized amount and shall identify the source or location of the transaction-level supporting detail and/or information for the entry.

1.5.2.6 Data call information, in most cases is not contained in the core financial systems and is provided by sources outside the CFO's office. Examples of an independent source include the NASA logistics data calls, environmental liability data calls, and accrual information from the Department of Labor and the Office of Personnel Management. Evidence to support the JV includes the transmission record of the data. Examples of data call entries include:

- a. Property, plant, and equipment.
- b. Operating materials and supplies.
- c. Environmental liabilities.
- d. Contingent liabilities.
- e. Employee benefits data, Federal Employees Compensation Act (FECA) data, and other information from other Federal sources.

1.5.2.7 Other Accruals. A number of typical month-end and year-end adjusting entries are made, and subsequently may be reversed at the beginning of the next period to accrue amounts for payroll, workers compensation, judgment fund liabilities, unfunded leave, and other transactions. The supporting documentation for these other accrual JVs shall include a narrative explaining the basis for the accrual, a worksheet documenting the calculation of the amounts being recorded, and the basis for any subsequent reversal.

## 1.6 Approval Thresholds

### 1.6.1 Journal Vouchers Prepared and Posted at the Center Level.

1.6.1.1 Approval of the JV also constitutes acceptance of the supporting documentation. The organizational level within the Center or NSSC, at which JVs must be approved, varies by the dollar amount of the voucher as shown by the following table.

**Table 1-1, Approval Thresholds for Center Generated JVs**

<b>JV Dollar Amount</b>	<b>JV Approving Official</b>
0 to \$10 million	Center Branch Chief (Reporting) approves.
Over \$10 million to \$50 million	Center Branch Chief (Reporting) concurs and Center CFO1 approves.
Over \$50 million to \$100 million	Center Branch Chief (Reporting) and Center CFO1 concurs. Agency OCFO Director for FMD2 approves.
Over \$100 million	Center Branch Chief (Reporting) and Center CFO1 concurs. Agency OCFO Director for FMD2 concurs. Agency OCFO Associate Deputy CFO approves.
Prior period adjustments -- JVs that are adjusting beginning balances (should be rare) -- Any amounts.	Center Branch Chief (Reporting) and Center CFO1 concurs. Agency OCFO Director for FMD2 concurs. Agency Associate Deputy CFO approves.

<sup>1</sup> Or Center DCFO when acting in the Center CFO's absence.

<sup>2</sup> Or OCFO Deputy Director for FMD in the Director's absence.

1.6.1.2 Within each of the foregoing thresholds, other approval thresholds with lower dollar values than those specified may be established to accommodate the organizational level of those preparing the JV. The Center CFO shall designate in writing the approval threshold structure--dollar thresholds and position of approving officials within the Center. In the event that the approval authorities listed above must be delegated to an individual other than the one identified, that delegation must also be documented in writing and signed by the Center CFO.

### 1.6.2 Journal Vouchers Posted at the Agency Level.

1.6.2.1 The Agency OCFO, FMD, Data Analysis Branch Chief in coordination with the External Reporting Branch Chief shall, as needed, request Centers CFOs submit JVs that will be posted at the Agency level (Business Area 77). These JVs must be submitted with all applicable supporting documentation and approvals as described in Section 1.5 above.

1.6.2.2 Upon receipt of the requested JV, the FMD, Data Analysis Branch Chief in coordination with the External Reporting Branch Chief will review the supporting documentation for completeness and the JV for accuracy. When the JV is determined to be accurate and all required documentation is present, the Branch Chiefs shall forward the JV to the FMD Director or his/her designee for concurrence and/or approval in accordance with Table 1-1, Approval Thresholds for Center Generated JVs.

### 1.6.3 Journal Vouchers Prepared and Posted at the Agency Level.

1.6.3.1 When JVs are prepared that will be posted at the Agency level, they shall be approved in accordance with the thresholds established in the Table 1-2, Approval Thresholds for Agency

Generated and Posted JVs, and supported by supporting documentation as described in Section 1.5. Examples of JVs prepared and posted at the Agency level include JVs to record imputed financing costs, intragovernmental eliminations, fund balance with Treasury, Intragovernmental Fiduciary Confirmation System (IFCS) entries, and net outlays.

**Table 1-2, Approval Thresholds for Agency Generated and Posted JVs**

<b>JV Dollar Amount</b>	<b>JV Approving Official</b>
0 to \$10 million	Agency OCFO, FMD Branch Chief approves.
\$10 million to \$100 million	Agency OCFO, FMD Branch Chief concurs. Agency OCFO, Director for FMD1 approves.
Over \$100 million	Agency OCFO, FMD Branch Chief, and Agency OCFO Director for FMD1 concurs. Agency Associate Deputy CFO approves.
Prior Period Adjustments -- Any amounts	Agency OCFO, FMD Branch Chief, and Agency OCFO Director for FMD1 concurs. Agency Associate Deputy CFO approves.

<sup>1</sup> Or OCFO Deputy Director for FMD in the Director's absence.

## 1.7 Management Oversight and Review

1.7.1 Managerial Controls. Adequate managerial internal controls shall be maintained at each level of management to ensure proper oversight of JV preparation.

1.7.1.1 The Center CFOs and the Director of the NSSC must ensure the validity and accuracy of the JVs processed as part of their normal monthly financial management monitoring process by ensuring that adequate documentation exists to support the JV entry before it is recorded.

1.7.1.2 All corrections made by the Competency Center or by the Agency OCFO on behalf of the Centers or Agency OCFO are subject to this process. The Competency Center and/or the Agency OCFO shall only make corrections/adjustments once this documentation is received. Copies of the documentation of the corrections will be attached to the service request and originals maintained in the Centers' logs and records. Service requests must be established for activities performed either by the Competency Center or the Agency OCFO.

# Chapter 2. Intragovernmental Transactions

## 2.1 Overview

2.1.1 In the preparation of the Federal Government-wide financial statements, the U.S. Department of Treasury must eliminate intragovernmental transactions. The use of trading partner codes on intragovernmental transactions enables analysis and elimination of Federal activity in the Government-wide financial statements.

2.1.2 This chapter provides the financial management requirements necessary to record, reconcile, and report intragovernmental transactions. The policies presented provide a foundation and framework for accounting for intragovernmental transactions, reconciling and determining the accuracy of balances, and eliminating intragovernmental and intradepartmental balances.

2.1.3 The policy provides NASA with guidance for recording and reconciling intragovernmental exchange, nonexchange, and fiduciary activities.

2.1.4 This policy is effective immediately and applies to all intragovernmental and intradepartmental transactions.

## 2.2 Agency Requirements

2.2.1 The intragovernmental order contains the negotiated agreement between the buyer and seller of goods or services. The order will provide information, as required by the TFM Volume I: Pt. 2, Ch. 4700, Agency Reporting Requirements for the Financial Reports of the United States Government, Appendix 10 (performance reporting, treasury account symbol/business event type code (TAS/BETC), expiration of funds, etc.) to allow the buyer and seller of goods and services to perform business in accordance with the policies in this chapter. Both the buyer and the seller must designate a trading partner code for each transaction along with the appropriate U.S. Standard General Ledger (USSGL) account and the Federal Attribute, "F." Sellers shall track related cost and keep consistent, reliable evidence of performance.

2.2.2 Under an intragovernmental order, NASA shall reconcile receivables and payables, advances to and advances from, and revenue and expenses (including capitalized assets) with its trading partners for transactions recorded in the same reporting period. NASA prepares a trading partner agreement in conjunction with its trading partners. Trading partner agreements are required to communicate payment and collection requirements and reconciliation needs. NASA reports intragovernmental transactions using posting models consistent with USSGL guidance and policies. NASA records transactions with the appropriate USSGL account number and trading partner code.

2.2.3 Recording Intragovernmental Transactions. The following information shall be included in intragovernmental transactions, along with the other data required by the order:

- a. The trading partner code of the Federal agency that is doing business with NASA.
- b. The common agreement number (order number).
- c. The appropriate Treasury Account Symbol (TAS) for both trading partners. If multiple TAS are included on one order, specify amounts for each TAS, as appropriate.
- d. The business event type code (BETC) for both trading partners.

- e. The amounts to accrue, advance, collect, or disburse.
- f. The business partner network (BPN) number for both trading partners.

#### 2.2.4 Reconciling Intragovernmental Transactions.

2.2.4.1 The integrity of the data reported in NASA's financial records, reports, data reported in NASA's audited financial statements, and the closing package are dependent on timely and accurate reconciliations of intragovernmental activity and resulting account balances. NASA investigates and records necessary adjustments for any discrepancies between its intragovernmental account balances and the reciprocal account balances of their trading partners. NASA corrects known discrepancies in its records prior to the preparation of financial statements and the closing package submission.

2.2.4.2 The Office of Management and Budget (OMB) requires NASA to reconcile/confirm intragovernmental activity and balances quarterly with its trading partners. In order to effectively reconcile with its trading partners, NASA accumulates detail and summary information for each activity, by trading partner, from its accounting records. NASA reconciles with its trading partners by providing and receiving account balances that summarize transactions with each trading partner. Detailed account activity is available as provided in the trading partner agreement and upon request of the trading partner. NASA communicates with its trading partners to ensure the proper trading partner code is used. NASA also provides "F" transaction data files to Financial Management Service (FMS) and uses the Intragovernmental Fiduciary Confirmation System (IFCS) to confirm and reconcile fiduciary transactions with its trading partners.

2.2.4.3 When both NASA and its trading partners' accounting records are accurate and current, there may be identifiable differences between the two records. Analyzing and determining the nature of the differences requires NASA to work with its trading partners to exchange detailed information and other accounting records. Types of reconciliation differences are listed and defined in the Department of Treasury, FMS, and Federal Intragovernmental Transactions Accounting Policy Guide.

2.2.4.4 Differences identified during the quarterly reconciliation process shall be adjusted in the subsequent period for accounting errors and current year timing differences.

2.2.4.5 During the fourth quarter reconciliation process, NASA shall make all adjustments before issuing the financial statements. If NASA identifies adjustments after the issuance of the financial statements, NASA must notify Treasury's FMS. FMS will determine the impact of the adjustments to the Government-wide financial statements and advise NASA on the proper treatment.

2.2.4.6 If NASA and its trading partner confirm the amounts reported, when a difference occurs, NASA shall contact its trading partner to resolve the difference. Confirmed differences existing in the third quarter of the fiscal year, which are considered material, require that NASA work with its trading partner to develop and submit a plan of action to FMS on resolving the difference.

2.2.4.7 NASA shall monitor the age and activity of an agreement and determine the reason for the lack of activity of any interagency obligation or payable balance that is unchanged, showing no activity for more than 180 days. NASA's financial management offices notify their procurement and contracting offices of inactive obligations and payables. Once an agreement is fulfilled, NASA will notify the seller and deobligate the agreement within 30 days. If work continues or is unbilled on an agreement, the agreement remains available for use.

2.2.4.8 NASA shall reconcile intradepartmental transactions. NASA investigates and records necessary adjustments for any discrepancies between the intradepartmental account balances and the reciprocal intradepartmental account balances. NASA corrects known discrepancies prior to the preparation of financial statements and the closing package submission.



## 2.2.5 Resolution of Disputes and Major Differences.

2.2.5.1 The buyer may request that the seller provide documentation supporting a bill. The documentation shall be provided within an agreed upon timeframe, not to exceed two weeks. If the bill or performance transaction does not include information required by the Intragovernmental Business Rules (IBR), the buyer may reject the transaction. NASA may not reject transactions where the bill or performance transaction complies with the IBR. The dispute resolution process will proceed in accordance with the policy below and as provided in the intragovernmental agreement.

2.2.5.2 The intragovernmental agreement includes a clause delineating an alternative dispute resolution process. Dispute resolution shall involve the program offices, the accounting offices, the contracting officer, and the CFO, as appropriate.

2.2.5.3 Disputes shall be documented in writing with clear reasons for the dispute. NASA will jointly develop a memorandum of agreement with its trading partner, signed by both agencies' CFOs, acknowledging their participation in the dispute resolution process. NASA will not chargeback, reject, or create new transactions for disputed amounts in compliance with the IBR.

2.2.5.4 Differences that remain on fiduciary transactions longer than 25 days after the close of the reporting period must go through dispute resolution. Disputes resulting from differences in accounting treatment or contractual differences require resolution 60 calendar days after the difference is identified in the Material Differences Report or a charge is disputed. If agreement cannot be reached, both types of unresolved differences are referred to the CFO Council's Intragovernmental Dispute Resolution Committee. The Committee should render a decision within 90 days of receiving the request. NASA will coordinate with its trading partner to record adjusting transactions, as required.

2.2.5.5 The buyer may establish a threshold (in the intragovernmental agreement) not to exceed a certain amount per order before asking for contractual decisions. If the disputed amount is under the threshold and the buyer elects not to pursue a dispute, then the buyer shall pay the amount.

## 2.2.6 Reporting Requirements.

2.2.6.1 Performance Report. The performance report assists NASA and its trading partners in the recording of accrued expenses and revenues. It improves the timing and amount of the accrual, which in turn, promotes reconciliation and elimination. The intragovernmental agreement should indicate that the performance report is provided to the program office and the financial management office containing the data and due dates in compliance with the IBR.

2.2.6.1.1 NASA shall provide the report to its trading partner, no later than 30 days after the accountable event or before the close of quarterly reporting, whichever occurs first. The report will include the common agreement number(s), the Treasury account symbol, the BETC, the agency location code, amount of accrual (performance amount), contact information, and other information identifying the current expense of services or goods within the reporting period. The interagency agreement delineates the frequency, the method, the points-of-contact, and the content of the required report.

2.2.6.2 Quarterly "F" Data File Submission. In support of the quarterly reconciliation process, reporting agencies are required to submit intragovernmental balances (only transactions with the "F" attribute) for all proprietary USSGL accounts to FMS. The NASA OCFO derives the submitted intragovernmental balances directly from departmental trial balances, used as the basis for constructing quarterly unaudited financial statements for OMB. Agencies must also complete the Agency Quarterly Intragovernmental Data File Submission Checklist. The NASA OCFO must submit its checklist, with the "F" data file, to its FMS intragovernmental review accountant

counterpart.

**2.2.6.3 Quarterly IFCS Submission.** The OCFO must use the IFCS to reconcile and confirm fiduciary balances and activity with central fiduciary agencies on a quarterly basis. The amounts entered into the IFCS must agree with NASA's quarterly "F" file submission and the audited financial statements before submission to FMS.

**2.2.6.4 Material Differences/Status of Disposition Certification.** The NASA OCFO must explain the material differences with its trading partners in the amounts reported by reciprocal category. The differences are segregated into the following categories: Confirmed Reporting, Accounting Methodology Difference, Accounting/Reporting Error, Timing Difference -- CY, Timing Difference -- PY, or Unknown. Those differences are also explained on the Additional Explanations form provided by FMS. The OCFO must submit NASA's Material Differences/Status of Disposition Certification and the Additional Explanations form to its FMS intragovernmental review accountant counterpart. The Status of Disposition Certification is not required in the fourth quarter. FMS will use the closing package intragovernmental data (submitted by verifying agencies as part of their closing package) to consolidate agency data for year-end reporting.

**2.2.6.5 CFO Representations for Federal Intragovernmental Activity and Balances.** At year-end, the OCFO is required to represent that NASA has properly and completely reconciled its intragovernmental activity and balances with its trading partners, using the closing package submission and NASA's audited financial statements. This requirement is outlined in Volume I, TFM, Part 2-4700, Section 4705.75. The representations relate to whether the reconciliation was completed, providing general intragovernmental reporting results and the explanation of closing package differences.

**2.2.6.6 Financial Reporting Requirements, OMB Circular No. A-136.** NASA must comply with this OMB circular that dictates the required elements for all Federal agencies' financial statements, footnotes, required supplementary information, and required stewardship supplementary information. NASA should record and report all transactions in the proper USSGL accounts, as well as report all USSGL accounts in accordance with the financial statement crosswalk(s). NASA reconciles and confirms intragovernmental activity and balances with its trading partners before submitting year-end data to FMS and reporting it in its audited financial statements, ensuring that the reconciled and confirmed balances for intragovernmental transactions agree to its audited financial statements and closing package reporting. NASA prepares agency-wide consolidated financial statements and elimination entries for intradepartmental transactions.

**2.2.6.7 Closing Package For Fiscal Year-End Reporting, TFM 2-4700.** Treasury's FMS developed the closing package methodology to resolve material deficiencies identified by the Government Accountability Office (GAO). NASA's OCFO must reclassify all line items and amounts on its comparative audited, consolidated, departmental level balance sheet, statement of net cost, and statement of changes in net position to the closing package financial statement formats. NASA must report footnotes, disclose all other information not contained in the primary financial statements required to meet generally accepted accounting principles, and submit NASA's adjusted trial balances via the Federal Agencies Centralized Trial-Balance System (FACTS I). NASA identifies trading partners in the Federal Trading Partner Note module for those closing package line items that hold intragovernmental balances. NASA reports the reconciled and agreed-upon confirmed balances in the IFCS, the closing package, and its audited financial statements.

**2.2.6.8 Third Quarter Inspector General Agreed-Upon Procedures (IG/AUP) For Intragovernmental Activity And Balances.** OMB requires the performance of IG/AUP by agencies where there is evidence and a history of systemic or recurring problems in accounting, reporting, or reconciling intragovernmental balances. The IG/AUP will identify, analyze, and facilitate the correction of the



underlying internal control or process weaknesses at those agencies. OMB will contact the applicable agencies and their respective IGs that meet the above criteria. Those agencies, their IGs, and FMS must meet to formulate IG/AUP, agreed to by the applicable parties, and in conformance with American Institute of Certified Public Accountants (AICPA) standards.

### 2.2.7 Year-End Requirements.

2.2.7.1 At the end of each fiscal year (September 30), all transactions and activity related to the fiscal year should be recorded in each agency's general ledger. Transactions that are incurred as of September 30 and has not been billed should be recorded as accruals in both agencies' records. These transactions may have been billed subsequent to year-end or remain unbilled at the time of accrual. The providing agency should identify these transactions and should work with the receiving agency to provide detailed information supporting the transactions and the amounts incurred as of the cut-off date (September 30) and not yet billed. The providing agency should record these transactions as receivables/revenues as of September 30. The receiving agency should record these transactions as payables/expenses or assets as of September 30. Agencies should work together to calculate and estimate accruals and to record corresponding entries in each set of records so they are in agreement or that long-term accounting policy differences can be easily identified. The providing agency is typically responsible for estimating the accrual and communicating this information to the receiving agency. Both agencies are responsible for recording the information.

2.2.7.2 NASA will not submit a Quarterly "F" Data File for fourth quarter activity. This data is included in the year-end closing package submission. FMS will use the closing package intragovernmental data (submitted by verifying agencies as part of their closing package) to consolidate Agency data for year-end reporting.

### 2.2.8 Information Technology Resources.

2.2.8.1 Intragovernmental Fiduciary Confirmation System (IFCS). IFCS is an internet-based system, the official confirmation system for Federal Program Agencies (FPAs) that engage in fiduciary intragovernmental transactions. FPAs are required to confirm and reconcile the fiduciary transactions.

2.2.8.2 Government-Wide Financial Report System (GFRS). GFRS is a system that captures each agency's closing package information and links the agencies' comparative, audited consolidated, department-level financial statements to the Financial Report of the U.S. Government and resolves material deficiencies identified by the GAO. NASA retrieves intragovernmental reports via the Discoverer Viewer, a query tool integrated in GFRS.

2.2.8.3 Intragovernmental Reporting and Analysis System (IRAS). IRAS is an internal database in FMS, used to conduct in-depth analysis and to synthesize/provide quarterly and year-end closing package reporting, as well as IFCS reporting, of all intragovernmental transactions to Federal entities. The intragovernmental account balances provided quarterly by each Federal agency is contained in this database and utilized to assist in reconciliation.

## 2.3 Roles and Responsibilities

2.3.1 The responsibility for recording and reconciling the intragovernmental activity and balances lies with NASA, regardless of its trading partner's involvement in the transactions. The Agency OCFO reconciles individual Agency-level account balances. Each Center is responsible for the reconciliation of individual accounts within its respective business areas. The Agency and Center DCFO must review and approve the respective reconciliations.

### 2.3.2 The Agency OCFO shall:

- a. Establish and maintain a structure for its intragovernmental transactions that includes recording, reconciling, and reporting procedures.
- b. Provide intragovernmental balances (transactions with a Federal ("F") indicator) for all required proprietary USSGL accounts to FMS each quarter to include the fiduciary account balances in IFCS.
- c. Ensure that the reconciled and confirmed balances for intragovernmental transactions agree with the Agency's audited financial statements and closing package reporting.
- d. Submit intragovernmental closing package data by Federal line item to FMS at year-end.
- e. Complete the CFO Representations for Federal Intragovernmental Activity and Balances (i.e. Section I, Section II and Additional Explanations Sheet) and provide information to FMS and the GAO.
- f. Perform CFO requirements for third quarter IG/AUP, if NASA meets the criteria for AUPs.
- g. Represent that all intragovernmental balances have been reconciled and that NASA's audited financial statements contain those balances, as instructed by OMB Circular No. A-136, Financial Reporting Requirements.
- h. Establish a consistent relationship with NASA's trading partners in order to identify and resolve differences.
- i. Document and maintain the data requirements agreed upon by NASA and its trading partners in the Intragovernmental Payment and Collection (IPAC) System and reconciliation process. Note when the IPAC system is not used to settle collection amounts owed to NASA, Standard Form 1080, Voucher for Transfer between Appropriations and/or Funds, should be used to bill other Government agencies, when either the billing or the paying agency is not serviced by a Treasury financial center or the IPAC system cannot be used. Use of the voucher does not impact the need and the requirements to document and maintain the data requirements agreed to between NASA and its trading partners.
- j. Provide NASA Centers and/or service providers with reports identifying differences between amounts reported by NASA's trading partners and NASA Centers.
- k. Ensure compliance with NASA's policy and procedures over intragovernmental account processes to ensure relevant, reliable, and timely reporting to Treasury.

### 2.3.3 The Center OCFO and service providers shall:

- a. Record trading partner codes on all transactions occurring between Federal entities.
- b. Document and support the information recorded in its accounting records related to intragovernmental transactions.
- c. Record activity between Federal entities at the transaction level and shall not net accounting activity or intragovernmental balances, even if the activity is in the same reciprocal category.
- d. Record the common agreement number provided in the intragovernmental agreement on all transactions.
- e. Reconcile the intragovernmental data in its accounting records to the supporting documentation based on FMS Intragovernmental Reporting and Analysis System (IRAS) Reports and reports provided by NASA's OCFO.

- f. Monitor and/or maintain customer and vendor master data with regard to the validity of the trading partner code and agency name.
- g. Execute Agency policy and procedures over intragovernmental account processes.

# Appendix A. Definitions

**Bureau of Public Debt (BPD).** A Treasury bureau that is responsible for accounting and reporting the debt of the Federal Government.

**Business Event Type Code (BETC).** An eight character code that indicates the type of activity being reported (borrowing, repayment, offsetting collection, receipt, disbursement, etc.) It is used in combination with the Treasury account symbol (TAS) to determine the transaction effect on the fund balance with Treasury.

**Business Partner Network (BPN) Number.** A unique business location identifier, used as a single source for Federal vendor data, which provides a search mechanism into several key databases across Federal agencies.

**Business Rules.** A standard set of regulations that provide Federal entities official guidance with recording and reconciling fiduciary transactions and intragovernmental exchange activity. This is an effort to standardize the business practice across the Federal Government.

**Buy/Sell.** Intragovernmental exchange transactions related to goods and services rendered, accounts receivable/payable and other liabilities, advances, prepayments from/to, and deferred credits.

**Closing Package.** A methodology designed to link agencies' comparative, audited consolidated, department-level financial statements to the Financial Report of the U.S. Government (FR). It consists of each agency's reclassified line items and amounts reported in the financial statements. It is the data submitted by each verifying and non-verifying agency for inclusion in the FR.

**Duplicate Partner Code Identifier (DPCI).** A single-digit code applied to a reporting trading partner agency sharing a two-digit agency code with another agency (i.e. Pension Benefit Guaranty Corporation, Farm Credit System Insurance Corporation, and the Smithsonian Institute).

**Exchange.** Activity arising when a Federal entity provides goods and services to the public or to another Federal entity for a price. Exchange activities include services provided and those related to reimbursable agreements, cost of products sold, transfers, and appropriations used.

**Federal Employee Compensation Act (FECA).** Provides compensation benefits to Federal employees for work-related injuries or illnesses and to their surviving dependents, if a work-related injury or illness results in the employee's death. The FECA is administered by the Department of Labor, Office of Workers' Compensation Programs (OWCP).

**Federal Financing Bank (FFB).** A Government corporation, created by Congress in 1973, under the general supervision of the Secretary of the Treasury. The FFB was established to centralize and reduce the cost of Federal borrowing, as well as Federally-assisted borrowing from the public.

**Federal/Non-Federal Indicator.** The U.S. Standard General Ledger (USSGL) account attribute that indicates the type of entity involved in transactions with the reporting entity [that is, other Federal entities (F) or non-Federal entities, such as private or local, state, tribal, and foreign governments (N).]

**Fiduciary.** These intragovernmental transactions consist of Bureau of the Public Debt investments and borrowings, Federal Financing Bank borrowings, Department of Labor Federal Employee Compensation Act transactions, and Office of Personnel Management employee benefit transactions.

**Financial Management Service (FMS).** FMS is a Treasury bureau that provides central payment services to Federal agencies, operates the Federal Government's collections and deposit systems, provides Government-wide accounting and reporting services, and manages the collection of delinquent debt owed to the Government.

**Financial Report of the U.S. Government (FR).** Provides summary information on Federal Government operations and financial positions on an accrual basis.

**Government Account Series (GAS) Securities.** Refers to all types of securities issued to or by Government accounts and trust funds.

**Government Accountability Office (GAO).** The audit, evaluation, and investigative arm of Congress charged with examining matters relating to the receipt and payment of public funds.

**Interdepartmental Balance.** This USSGL account balance results from a transaction between trading partners, included in the FR, that are not in the same department.

**Intradepartmental Balance.** This USSGL account balance results from a transaction between trading partners in the same department. The balances are reflected in transactions between NASA Centers.

**Intragovernmental Activity/Balances.** Revenue and expense transactions, asset and liability transactions, and transfers resulting from business activities conducted by Federal entities. These transactions and/or balances result from business activities conducted by two different Federal Government entities.

**Intragovernmental Agreement.** An official request for goods or services from another Federal agency; used interchangeably with intragovernmental order in this document.

**Intragovernmental Dispute Resolution Committee.** A committee that renders decisions on intragovernmental disputes that have gone through a joint dispute resolution process by the trading partners and remain unresolved. The Committee may refer the dispute to the Accounting and Auditing Policy Committee.

**Intragovernmental Fiduciary Confirmation System (IFCS).** An Internet-based application for confirming and reconciling fiduciary balances (quarterly and year-end). Federal agencies and departments that engage in fiduciary intragovernmental transactions utilize IFCS as the official confirmation system. Agencies and departments must use the IFCS to confirm and reconcile activity and balances activity for investments, borrowings, FECA transactions, and employee benefits transactions.

**Intragovernmental Payment and Collection (IPAC) System.** IPAC is one of the major components of the Government On-Line Accounting Link System II (GOALS II). The IPAC application's primary purpose is to provide a standardized interagency fund transfer mechanism for Federal Program Agencies (FPAs). IPAC facilitates the intra-governmental transfer of funds, with descriptive data, from one FPA to another.

**Intragovernmental Reporting and Analysis System (IRAS).** An internal database in FMS used to conduct in-depth analysis and to synthesize/provide quarterly and year-end closing package reporting, as well as IFCS reporting, of all intragovernmental transactions to Federal entities.

**Non-Exchange.** Refers to revenue arising primarily from the exercise of the Government's power to demand payments from the public (i.e. taxes, duties, fines, and penalties). This also includes donations.

**Non-Fiduciary.** Consist of intragovernmental buy/sell (exchange) transactions, transfers, and

non-Treasury investment transactions.

**Out-Of-Balance Condition.** The net difference between the reporting agency's activity and its trading partner's activity for a particular reciprocal category.

**Performance Measures.** A method to measure agency reporting performance each fiscal year for closing package and intragovernmental activity and balances (for verifying reporting agencies only).

**Providing Agency (Seller).** The Federal agency (includes bureaus, departments and/or programs within agencies) that provides services, products, goods, transfer funds, investments, debt, and/or incurring the reimbursable costs. The providing agency is considered the seller for exchange transactions and the transferring out entity when appropriations are transferred.

**Receiving Agency (Buyer).** The Federal agency (includes bureaus, departments and/or programs within agencies) that receives services, products, goods, transfer funds, purchasing investments and/or borrowing from Treasury (or other agency). The receiving agency is the purchaser for exchange transactions and the transferring-in entity when appropriations are transferred.

**Reciprocal Category (RC).** Pairings of related USSGL accounts that should be used by providing and receiving agencies to reconcile like intragovernmental activity and balances. It is also a pair of closing package financial statement Federal line items that will be used to perform eliminations at the Government-wide level.

**Reporting Agency (RA).** A Federal entity required to report intragovernmental amounts against its trading partner for a reciprocal category.

**Service Provider.** An agency, private sector, or public reimbursable source that is performing, or will perform, a commercial activity.

**Trading Partner (TP).** An agency, department, bureau, or other Federal entity that is the party to intragovernmental transactions with another Federal agency.

**Trading Partner Agreement (TPA).** A formal agreement between Federal program agencies engaged in buyer-seller business relationships, documenting the data required in the IPAC and the reconciliation process.

**Trading Partner Code.** The USSGL account attribute used to identify the trading partner agency. The trading partner code appears as the first two numbers in the ALC and TAS on accounting transactions to identify the agency performing the business transaction (e.g. 80-00-0087 and 80F3200).

**Treasury Account Symbol (TAS).** The receipt, expenditure, appropriation, and other fund account symbols and titles, as assigned by Treasury.

**Treasury Account Symbol/Business Event Type Code (TAS/BETC).** The combination of TAS/BETC must be used to identify transactions and classify them properly to determine the effect on the Fund Balance with Treasury.

**U.S. Standard General Ledger (USSGL).** The USSGL provides a uniform Chart of Accounts and technical guidance for use in standardizing Federal agency accounting.

**USSGL Account Attribute.** A data element that assists in identifying the purpose, type, and reporting requirement of the transaction being recorded (Trading Partner Code and Federal/non-Federal Indicator).